

Message Text

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ACTION EB-07

INFO OCT-01 CIAE-00 NRC-05 NSAE-00 USIA-06 TRSE-00 EUR-12

ERDA-05 ISO-00 L-03 /039 W
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P R 171351Z NOV 76

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC PRIORITY 8733

INFO USDOC WASHDC

USDOD WASHDC

C O N F I D E N T I A L SECTION 1 OF 2 BELGRADE 7446

EXCON

STATE FOR EUR PLEASE PASS (AMBASSADOR SILBERMAN) AND EB (A.
REICHENBACH); USDOC FOR BEWT (WALINSKY); DOD FOR EU GENE MURPHY

E.O. 11652: GDS

TAGS: ESTC, YO

SUBJECT: EXCON: U.S./YUGOSLAV MEMORANDUM OF UNDERSTANDING

REFERENCES: (A) BELGRADE 7137; (B) BELGRADE 7075; (C) BELGRADE 7070

;

(D) BELGRADE 7032

1. ON NOVEMBER 11, EMBOFF DELIVERED AGREED MEMO SIGNED BY
AMBASSADOR TO DEJAN DIMOV, CHAMBER OF ECONOMY, IN ORDER TO
OBTAIN SIGNATURE OF STANOJEVIC, CHIEF OF YUGOSLAV DELETATION
WHO HAD BEEN OUT OF TOWN UNTIL THAT DAY. PRESENT WITH DIMOV
AT MEETING WERE VLAHOV, FEDERAL SECRETARIAT FOR FOREIGN TRADE,
AND LATER KELIC, FOREIGN MINISTRY'S NORTH AMERICAN DESK OFFICER
JOINED THE GROUP. THEY INFORMED EMBOFF THAT YUGOSLAV DEFENSE
MINISTRY (NOT PRESENT AT FINAL DRAFTING SESSION) WOULD NOT
ACCEPT SECOND SENTENCE IN MIMO'S PARA 4, QUOTED BELOW IN FULL:
BEGIN QUOTE: 4. BOTH DELETATIONS AGREED THAT THE PRESENT
SYSTEM FOR THE IMPORTATION OF EQUIPMENT FOR THE NEEDS OF THE
JNA (YUGOSLAV PEOPLE'S ARMY) IS GENERALLY STAISFACTORY AND
IN ALL CASES WHERE THE JAN IS THE ULTIMATE END-USER, THE END-
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USE CERTIFICATE WILL SO STATE. IT WAS FURTHER AGREED THAT IN

ANY CASE WHERE THE UNITED STATES HAS QUESTIONS ABOUT SUCH A TRANSACTION, INCLUDING ITS END-USE, THE POINT OF CONTACT WILL BE THE APPROPRIATE OFFICER (PRESENTLY ENG. MAJOR STANKOVIC) ATTACHED TO THE YUGOSLAV EMBASSY IN WASHINGTON. END QUOTE. IN ADDITION TO THIS DELETION, THE YUGOSLAV PEOPLE'S ARMY REPRESENTATIVE WISHES TO SUBSTITUTE FOR THE LAST SENTENCE IN PARA 4 LANGUAGE RESEMBLING THE FOLLOW: QUOTE: REGARDING THESE REQUESTS, NO INFORMATION AND DOCUMENTS WILL BE GIVEN, IN CONTRAST TO ITEMS 2 AND 3 UNQUOTE. (ITEMS 2 AND 3 REFER RESPECTIVELY TO THE PROVISION OF PRECISE END-USE INFORMATION AND CUSTOMS DOCUMENTS.)

2. EMOFF REMINDED GOY OFFICIALS THAT THIS AGREEMENT HAD BEEN WORKED OUT WORD BY WORD IN OUR NEGOTIATIONS AND THAT USG CONSIDERED IT AS THE FINAL AND AGREED PRODUCT OF OUR MEETINGS. HE STATED FURTHER THAT USG WAS WILLING TO FULFILL OUR PART OF THE AGREEMENT AS IT STOOD. GOY GROUP SAID THEY TOO WERE HAPPY WITH THE DOCUMENT AS IT WAS WRITTEN BUT HAVE LITTLE OR NO COERCIVE POWER OVER MILITARY. EMOFF TOLD THEM HE FORESAW GREAT DIFFICULTIES IN WHAT AMOUNTED TO A RENEGOTIATION OF THE AGREEMENT BUT AGREED TO INFORM INTERESTED USG AGENCIES.

3. REASONS GIVEN FOR JNA UNHAPPINESS WERE NOT SPECIFIED BEYOND ALLEGED JNA FEELING THAT THE SENTENCE WOULD CAUSE MISUNDERSTANDINGS WITHIN YUGOSLAVIA. GOY GROUP REITERATED NUMBER OF TIMES THAT USG WOULD HAVE ACCESS TO YUGOSLAV MILITARY ON SAME TERMS AS AGREED AT TALKS, AND THAT HE WOULD BE INSTRUCTED TO COOPERATE, BUT JNA COULD NOT LIVE WITH THE SENTENCE IN THE AGREEMENT.

4. ON NOVEMBER 12, CHARGE AND ECON COUNSELOR BROUGHT THIS ISSUE UP WITH STARCEVIC, DIRECTOR NORTH AMERICAN AFFAIRS AT FOREIGN MINISTRY, STRESSING THAT GOY HAD GIVEN USG ASSURANCE THAT YUGOSLAV EXCON DELEGATION HAD "COMMITMENT" OF GOY BEHIND WHAT IT WOULD NEGOTIATE. STARCEVIC SAID HE HAD NOT HEARD OF JNA PROBLEM BEFORE, BUT WOULD INVESTIGATE IN NEXT COUPLE OF DAYS AND GET BACK IN TOUCH WITH US.

5. WITHIN TWO HOURS OF MEETING WITH STARCEVIC KELIC ASKED ECONOMIC COUNSELOR TO COME IN URGENTLY KELIC SAID THAT CONFIDENTIAL

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HE WAS AFRAID USG MIGHT MISUNDERSTAND SITUATION. HE ALLEGED THAT DISCUSSIONS WITH EMOFF WERE PREMATURE; THAT ACTUALLY CHANGES DID NOT RPT NOT REPRESENT FINAL POSITION OF GOY DELEGATION. HE SAID THAT DELEGATION WAS SCHEDULED TO MEET ON MONDAY (NOV. 15TH) TO DISCUSS DOCUMENT WHICH HE CHARACTERIZED AS "WORKING PAPER" AND THAT GOY WOULD PREPARE SERBO-CROATION VERSION OF DOCUMENT WHICH WOULD BE AGREED BY ALL ELEMENTS OF GOY DELEGATION, INCLUDING MILITARY (USDEL MEMBERS WILL RECALL THAT COL. STANOJEVIC

WAS ABSENT FROM WORKING GROUP SESSION IN WHICH DRAFT AGREED).
ECON COUNSELOR REPLIED THAT HE HAD NO AUTHORITY TO RENEGOTIATE
MEMORANDUM WHICH HAD BEEN AGREED ON IN WORKING GROUP AND THAT
FAR FROM BEING WORKING

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ACTION EB-07

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TO SECSTATE WASHDC PRIORITY 8734

INFO USDOC WASHDC

DOD WASHDC

C O N F I D E N T I A L SECTION 2 OF 2 BELGRADE 7446

EXCON

PAPER, DRAFT HAD BEEN GONE OVER WORD FOR WORD IN WORKING GROUP.
BOTH SIDES HAD LEFT THAT SESSION WITH UNDERSTANDING THAT ONLY
REMAINING STEP WAS TO HAVE RESPECTIVE DELEGATION LEADERS
SIGN OR INITIAL FINAL DOCUMENT. KELIC ASKED HOWEVER THAT WE
GIVE GOY DELEGATION TIME TO WORK OUT FINAL POSITION, AND SAID HE
WOULD GIVE US GOY DELEGATION'S PROPOSED TEXT ON NOV 16TH.

6. KELIC DID CALL IN ECONOMIC COUNSELOR ON NOV 16TH
AND PRESENT HIM WITH DOCUMENT IN SERBO-CROATIAN. BY AND LARGE
THIS ACCURATE TRANSLATION OF ENGLISH-LANGUAGE AGREEMENT, BUT
SOME CHANGES REQUESTED AS FOLLOWS

(TEXT IN BELGRADE 7137)

A. THE ORDER IN WHICH YUGOSLAV DELEGATES LISTED CHANGED
SLIGHTLY (TO REFLECT THEIR RANK ACCORDING TO KELIC).

B. IN NUMBERED PARAGRAPH 1, A SENTENCE ADDED WHICH CON-
SISTS OF THIRD SENTENCE OF PARA 6 BEGINNING WITH "THE YUGOSLAV
DELEGATION" AND ENDING WITH "GRANTED". (KELIC SAID IT MORE
LOGICAL TO INCLUDE THIS SENTENCE UNDER PARA ONE SINCE REMARKS
MADE IN CONTEXT OF DIVERSION CASES.)

C. ADDITION OF QUALIFYING PHRASE AT END OF FIRST SENTENCE

IN PARA 2, WHICH READS "EXCEPT WHEN END-USER IS JNA." (KELIC SAID THAT YUGOSLAV EMBASSY IN WASHINGTON WOULD BE PREPARED TO GIVE END-USE/END-USER INFORMATION REGULARLY, BUT THAT JNA DID NOT WISH THIS TO BE PART OF REGULAR ROUTINE.)
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D. CHANGING LAST SENTENCE IN PARAGRAPH 2 TO READ "AGREED TO CONSIDER THE POSSIBILITY OF GIVING SUCH INFORMATION IN A SINGLE DOCUMENT".

E. CHANGING SECOND SENTENCE OF PARAGRAPH 4 TO READ : "IT WAS FURTHER AGREED THAT IN ANY CASE WHERE THE U.S. HAS QUESTIONS ABOUT SUCH A TRANSACTION, INCLUDING ITS END-USE, THE CONTACT IS TO BE THE MILITARY REPRESENTATIVE ATTACHED TO THE YUGOSLAV EMBASSY IN WASHINGTON." (KELIC OBJECTED TO NAMING AN INDIVIDUAL WHO MIGHT BE CHANGED AT ANY TIME.)

F. PARAGRAPH 5 CHANGED TO INDICATE THAT VISITS WOULD BE MADE IN COMPANY WITH "RESPONSIBLE OFFICIALS OF THE ECONOMIC CHAMBER" AND THAT POINT OF CONTACT WOULD BE PROTOCOL OFFICER OF CHAMBER OR FSFA (NOT NORTH AMERICAN DESK). KELIC ARGUED THAT THIS PROCEDURAL CHANGE.

G. PARA 7, WORD "LARGE" INSERTED BEFORE WORD "NUMBER".

7. ECON COUNSELOR AGAIN STRESSED THAT HE HAD NO POWER TO RENEGOTIATE DOCUMENT. EXPRESSED VIEW THAT CHANGE REQUESTED IN "C" NOT ONLY NOT DISCUSSED DURING MEETING, BUT COUNTERPRODUCTIVE FROM HLGOSLAV VIEWPOINT. THIS MEANT THAZSJNA CASES COULD NOT BE HANDLED AS ROUTINE. INSTEAD, ANY TIME THERE WAS SLIGHTEST QUESTION ABOUT END-USSUN YUGOSLAV EMBASSY IN WAS YNGTON WOULD HAVE TO BE CONTACTED. FAR FROM EXPEDITING ISSUANCE OF EXPORT LICENSES FOR JNA CASES, EXCLUSION REQUESTED BY KELIC WOULD SIGNIFICANTLY DELAY THEM. KELIC SEEMED UNDERSTAND THIS POINT AND PROMISED RECONTACT ARMY.

8. COMMENT: NONE OF CHANGES REQUESTED, EXCEPT "C", HAVE MUCH TO DO WITH SUBSTANCE OF AGREEMENT. HOWEVER, KELIC STRESSED THEIR IMPORTANCE FROM PRESENTATIONAL POINT OF VIEW. SEVERAL TIMES HE ASSERTED THAT FEDERAL EXECUTIVE COUNCIL HAD TO ACCEPT DOCUMENT AND THAT CHANGES HE REQUESTED WOULD MAKE IT EASIER TO SECURE SUCH ASSENT. WE WILL REPORT RESULTS OF KELIC'S FURTHER CHECK WITH ARMY AND MAKE APPROPRIATE RECOMMENDATIONS ASAP. SWEITZER

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